



April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Wave Broadband, I am writing to express our strongest support for ACA's petition for rulemaking on retransmission consent. We operate an independent cable company that serves customers in communities in the Seattle, Washington area and in Southern California. We can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in our markets, have made it clear that their demands of cash for carriage will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover these new demands. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by our company and will help keep down the costs of basic cable.

Provided below is some information about Wave Broadband and why we think the Commission needs to grant ACA's petition.

Company background

Founded in 2003 by cable veteran Steven Weed, Wave Broadband has purchased seven cable systems in western Washington State and one system in Southern California. When we purchased these systems, our plan was to upgrade them to 750 MHz 2-way capacity and deliver to our customers broadband services, including high-speed data, digital programming and high definition television services. To date, we have upgraded all of our systems and launched many new services.

One of the key elements in our business plan is local service. In addition to employing local technicians, we have local offices and local customer service staff who directly serve customers in our local communities.

Our service expansion has focused on local services. For example, our initial launch of high-definition services included delivering local off-air services that offered a high-definition feed. We also launched low-cost limited basic tiers in all our communities to allow customers to purchase local channels without requiring them to pay a higher monthly rate for additional required channels.

In all systems, we have made significant capital investments to improve the quality of the reception of local channels. We have upgraded antenna reception facilities, constructed fiber optic feeds from receive sites to local headends, and invested in special data links to stream improved reception of local channels to outer communities. All of these investments have allowed us to deliver improved picture quality for our customers and to enhance the satisfaction of the viewers of these local channels. All of these investments, which amount to several hundred thousand dollars, were made without any support from local broadcasters.

We face significant competition in all of our systems from DBS. At the same time, our programming costs have increased at a rate far greater than inflation. Since purchasing our first systems, I estimate that our programming costs have risen more than 16% per year.

The broadcasters' demands for several more dollars per month seem inconsistent with our goal to invest in delivering quality, affordable local programming. Because the company has already absorbed the cost of significant improvements to local off-air channel quality and variety (to the benefit of the local broadcasters), the broadcasters' demands of \$0.50 or more per subscriber per month in the next round will leave us no choice but to pass this cost onto our loyal customers, many of whom will be unwilling to pay these higher costs for basic cable.

Why we support ACA's Petition

The ACA's petition requests the right for us to shop for local programming when a broadcaster demands a price for retransmission consent. In our markets, We know this will work to lower the cost of retransmission consent for our customers.

First, we believe we can obtain network programming at a lower cost from other broadcasters. We can do this by obtaining signals from neighboring markets.

Second, if the broadcasters in our markets know alternatives exist, we are confident we will be able to negotiate a lower price to our mutual benefit. Competitive options work in favor of the consumer in every type of transaction, and we know it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In our markets, broadcasters' demands could cost our company and our subscribers as much as \$6.00 per subscriber per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

We want to reemphasize to the Commission that we are committed to localism. Our business is run with a local focus and we support local broadcasting and prefer to carry our local broadcasters. We currently provide hundreds of hours of local programming on our cable system and want to continue to do so at an affordable price. Unfortunately, it seems the local broadcasters do not share our concern for the customers they serve. Rather, the higher prices being demanded by more and more of these broadcasters reveals ambivalence towards localism and a lack of concern with meeting the needs of their local customers. Instead, their primary priority is corporate profit at any expense.

As we have pointed out in this letter, we understand the importance of local programming, but we also understand how much our customers are willing to pay for it. We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a “price,” we need the ability to “shop” to get a “price” that fairly reflects the value of the signal. Please act on ACA’s Petition as soon as you can.

Sincerely,

_____/s/_____
Steve Friedman
COO
Wave Broadband